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**PRESIDENT'S
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REPORT OF A SUB-COMMITTEE APPOINTED BY THE
PRINCIPAL SUPPLY OFFICERS' COMMITTEE (INDIA) TO
MAKE RECOMMENDATIONS REGARDING THE PEACE AND WAR
SUPPLY ORGANISATION IN INDIA.

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SECRET.

R E P O R T.

1. The Defence Department appointed a Committee to investigate and make recommendations, from the point of view of the Defence Services in India, on the most suitable war supply organisation for India and to consider any consequential repercussions on the existing Peace Supply Organisation. This Committee, which was presided over by Brevet Lieut.-Colonel E. Wood, M.C., Deputy Secretary, Defence Department, submitted its report on the 10th December, 1936. In its meeting of the 3rd April, 1937, the Principal Supply Officers' Committee (India) itself, after consideration of the ad hoc Committee's Report, appointed a Sub-Committee of its own with the following terms of reference -

"To examine the Wood Report in detail and, after obtaining the views of the Departments of Government concerned, including the Reforms Office, to prepare such alternative proposals as are considered appropriate".

2. The Wood Report began with an exhaustive and most valuable historical survey of the P.S.O.C.(I) organisation, which need not be repeated here. It also discussed in detail the objects of a supply organisation for peace and war and came to conclusions (see paragraph 38) with which we concur. Finally, the authors proceeded to a statement of the precise organisation they recommended for India's needs and it is with this only that we are now concerned.

3. The first point to be noticed about their proposed organisation is that it is precisely the same for peace and for war. Some parts of the organisation, notably the Secretariat, might of course have to be strengthened very considerably in the event of war, but the actual structure remains entirely unaltered.

It will be convenient here to reproduce the diagram.
(Reproduction of a diagram appearing on page 16 of the Wood Report).

PEACE AND WAR.

Council of Ministers.
(or the Governor-General).

|
|

Defence Committee of India.

|
|

Principal Supply Officers' Committee (India).

|
|

(a)

|
|

(Materials).

(Production).

Material Resources Board
(India),

Supply Board (India).

(Sub-Committees as necessary dealing with allied groups of Materials. Members to be found by the Civil Departments of Government which deal with Materials in the normal course of business).

(Sub-Committees as necessary dealing with allied groups of Production. Members to be found mainly from the Defence Services but civil officers to be co-opted as necessary).

Notes.- (i) The Secretary, Technical Officers and Secretariat of the P.S.O.C.(I) would fall into the organisation at (a) above. Their services would be equally available at all times to the Material Resources Board and to the Supply Board (India) as well as to the Sub-Committees of each. Either the Secretary or a Technical Officer would be available to function as a Secretary to each Sub-Committee at any meeting.

(ii) The minimum number of peace members of both Boards, and of their sub-committees, would be seconded for whole-time service in war; other requirements for expansion being prearranged in peace.

(iii) As regards the Priority Committee, this is dealt with in paragraph 35.

The differences between this scheme and the existing organisation is that between the Governor General in Council and the P.S.O.C.(I) has been inserted a new body, the Defence Committee of India and that the P.S.O.C.(I) will be advised by two Boards, one dealing with materials and the other with production, instead of the existing Advisory Council, which deals with both.

4. With regard to the first of these differences, the Committee drew attention to the fact that Article 17 of the Instrument of Instructions (Federal Stage) to the Governor General recognises the desirability of joint consultation on reserved subjects and specially charged the Governor General to ascertain the views of his Ministers in relation to Defence owing to the fact that -

"The Defence of India must to an increasing extent be the concern of the Indian people".

The Committee appear to have been guided in their proposal by the constitution of the Committee of Imperial Defence in the United Kingdom and have recommended the setting up of a parallel body, outside the framework of the constitution, of which the only permanent member would be the Governor General, but to the deliberations of which Indian Ministers could from time to time be invited. The P.S.O.C.(I) is retained both in peace and in war as an advisory body without executive functions and to enable the Government of India, i.e., the Governor General or the Governor General in Council, to translate advice into action, it was held to be desirable to interpose the Defence Committee as a filter.

5. The sub-division of the Advisory Council, or as the authors of the report prefer to term it, the Supply Board, into a Material Resources Board and a

Production Board, is due to the authors' belief that the existing organisation of the P.S.O.C.(I) was not capable of dealing adequately with materials. They held, on the other hand, that it was adequate for dealing with production, and that if it were compelled to assume responsibility for both, its task would become too complex for efficiency, even with strengthened staff. They believe that alterations within the existing structure would not place responsibility for the control of materials in war where they should lie and thus, in the event of war, a new organisation for the purpose would have to be introduced. In these proposals the authors of the report were influenced by the views of the P.S.O.C. (U.K.) and held that the peace and war duties of the Material Resources Board should conform to those assigned to the existing nucleus organisation in the Board of Trade which has been charged with the responsibility for planning in peace, and exercising in war, the necessary control of materials in the United Kingdom. The report envisages the possibility of the Material Resources Board ultimately expanding into a separate Department of Government in charge of a Minister, but did not anticipate the likelihood of any such growth on the side of production.

6. The constitutional aspects of the Wood Committee's proposals will be dealt with when we come to the description of our own proposed organisation. There is, we feel, nothing definite to criticise in them, but for various reasons, we have preferred a slight modification. From the point of view of practical working, the Wood Committee Scheme appears to us in the first place to be open to the objection that the resources of this country in personnel are severely limited. We do not consider that they could

be made adequate to deal with the complexities of co-ordination and presentation, which the separation of materials from production would necessarily entail. It will be observed from the diagram that the Material Resources Board and the Board dealing with Production both report direct to the P.S.O.C.(I), and it is not clear how the labours of these separate bodies would be correlated or presented in an intelligible form. It seems to us that an intervening body would have to be created to fulfil these requirements. It is true that this division does exist in the Home organisation but, in the first place, the difficulty of personnel, which is an overriding consideration in India, does not exist in the United Kingdom and, in the second place, the problem before the P.S.O.C.(U.K.) is radically different. Industry in India is based on the raw materials actually available in the country, whereas at Home, apart from coal and iron, it is dependent on imports of raw materials from all over the world. In England, moreover, machinery exists which, given the raw material, can turn out complete any required product; but in India, it is true to say that very few complex articles (e.g. a machine gun) can be produced without the importation in finished form of some essential component or accessory.

In brief, it can be said that we are subjected to definite limitations, both in personnel and in material, the available quantities of which are known, or should be known, at any given time. We must cut our coat according to our cloth, and once the necessity for this is realised, it is, we think, apparent that our problem is very much simpler than that confronting the P.S.O.C.(U.K.), and can be attacked with much more rudimentary weapons.

7. Though we realise that it is essential to arrange for the smooth and easy transition from the requirements of peace, i.e., the preparatory stage, to a war footing, and that therefore the same organisation both for peace and for war is ideal, we are not of the opinion that so complete a simplification is practically possible. The task of a supply organisation is not the same in peace as in war. In peace, it is concerned entirely with preparation; in war, it is concerned with the translation of that preparation into executive action. Though, roughly, the same personnel will be concerned, it will function in very different ways. In our opinion, the peace time organisation should be directed towards the collection of data, their compression and correlation and, finally, the presentation to Government of fully informed advice, in intelligible form, on the action necessary to make the country, as far as may be, self supporting in the event of war and to enable it to supply the Empire and its allies with such surpluses as may exist.

In war, the duties of the organisation will be mainly executive and will be largely concerned with the allocation of materials, the fixation of priorities and the placing of contracts.

8. There are two possible types of war organisation :-

- (i) The creation of a Ministry of Munitions which would take over all existing supply organisations from the various Departments concerned with Supply, or such parts of them as it needed for its purposes, and
- (ii) the bringing together of what may be called a Board of Directors composed of the heads of the Departments concerned with Supply,

both Civil and Military. In this system, each departmental head would remain in charge of the activities of his own Department, but each would know what the others were doing and could do.

9. The arguments of a Ministry of Munitions may be summarised as follows :

In a really critical situation, where intensification, acceleration and simplification of the efforts of the supplying agencies are demanded, the action must be drastic: half measures will be useless, and we must not be deterred by questions as to the expense of the organisation to be set up.

Such a situation would arise from the failure of the existing supply departments to meet it; the remedy is to relieve them of supply functions which have already been too much for them, and not to add to their already crushing burdens. This relief can be afforded by forming a Supply Department with a Member or Minister at the head, who will take over gradually the supply of such stores as are giving difficulty. The consumer must be separated entirely from the supplier. Consuming Departments will ask for what they want from the Supply Department, and the Supply Member is responsible for getting the supplies. In case of shortage, a Defence Council, with the aid of a Priority Committee formed of representatives of consuming Departments, will indicate the priority to be allotted to the demands of the various consumers. The Supply Member or Minister of Munitions will have all available resources at his disposal, and there can no longer be any argument between competing Departments as to their claims. The Supply Department will consolidate

the demands, consolidate the resources and distribute in accordance with the dictates of the priority policy. It will take over the Secretariat and the records of the P.S.O.C.(I), and from the existing supplying Departments such portions of their organisations as deal with the supply of stores for which it has resumed responsibility. It will expand and co-opt from Industry as may be found necessary.

Any hybrid system, which mixes up supplier and consumer and adds to the war burdens of the existing Departments, should be avoided. Such a system might lend itself to a shifting and evading of direct responsibility for supply. The advocates of this system, which is not in any way original or novel, as it was adopted in the last war both at Home and in India, recognise that a complete Supply Department cannot spring fully armed like Minerva from the head of Jove. The first steps would be the nomination of the Member for Supply (or Minister of Munitions) and the formation of the Priority Committee. Controllers of individual classes of stores, who would work under the Minister, would take over gradually, as was found necessary.

10. The objections to the Ministry of Munitions system can be stated briefly. They are :-

- (1) That it would be unnecessarily expensive.
- (2) That the arbitrary severing of the supply limbs of existing organisation (e.g. the Master General of Ordnance Branch, the Railway Board, the Indian Stores Department) and the fusing of them into a probably inharmonious body under an alien head would lead in this country to inefficiency, if not chaos.
- (3) That these evils would be aggravated by the necessity for recourse to improvisation and the incorporation in the system of untrained and inexperienced personnel.
- (4) That, as the existing Supplying Departments would still continue to function, at least in part, considerable overlapping would probably result.

- (5) That, if a new agency were created, which could carry out its functions only by superseding, in part at least, the existing Departments, it would depend for its success upon a measure of co-operation which, though ideally possible and even probable, might, in practice, be difficult to obtain.

The great machine of Government can and does work smoothly and harmoniously; if it can take on the additional work which would be imposed by the organisation of supply in war, (and we believe that it can), it is very desirable that it should, and the risk of adding another part which would not fit in with the existing scheme of things, but would rather tend to cut across the present system and might, indeed, turn out to be a spanner thrust into delicate machinery, should be avoided.

The difficulty, or rather impossibility, of reduplicating personnel cannot, in our opinion, be too strongly stressed. The large staff necessary for the new Department could be found only from existing Departments, and the whole of their work would in consequence be seriously disorganised.

In brief, not only would a Ministry of Munitions in this country in our opinion find great practical difficulties in performing its own functions, but the drain on Departments which its creation would entail might also hamper the work of Government as a whole.

11. The advantages of the second alternative include the utilisation of authorities already dealing with, and rich in experience of, supply problems, together with the existing organised machinery of their Departments, and an avoidance of overlapping and of unnecessary expense.

The analogy of the Cabinet of the United Kingdom may be quoted in its favour. It consists of a Committee of Ministers, each of whom has his own specific functions and the control of a definite Department of Government outside his duties as a member of the Cabinet.

Great industrial concerns, such as Henry Ford and Imperial Chemical Industries, have adopted the same organisation.

The adoption of the second alternative simply amounts to the pooling of all available knowledge and experience connected with the organisation of supply and the bringing together on one Board of the persons possessing this knowledge and experience

who, as a result of their association, will be able to bring fully informed judgment to bear on the problems connected with the supply of any required commodity. The fact that each will know what the other's capacity is, what he is doing and what he proposes to do, will avoid overlapping in the granting of contracts, the co-ordination of which would be most efficiently controlled, and much money would thereby be saved.

Further, the Departments chiefly concerned and also, as will later be clearly shown, Government as a whole, are definitely responsible for the organisation of supply and the Board will be organically connected with every source of information upon which it may require to draw.

Our aim, therefore, is to produce an organisation which can be easily evolved from existing material, which will entail no organic change, and which can be called into being by a simple order of Council.

We have accordingly decided in favour of the second alternative.

12. Before proceeding to elaborate our proposals for the peace and war organisations, we have considered it necessary to set down our conclusions on the existing situation.

Up to the present, the activities of the P.S.O.C.(I) have been practically limited to the collection of information and the giving of advice on individual problems. For certain reasons, which will subsequently become apparent, it has not yet been possible to draw up a complete supply plan. The recommendations, moreover, which have already been made, have not, as a rule, been translated into action. The P.S.O.C.(I) itself meets only twice a

year, and the composition of both the Advisory Council and of the main body has been faulty in that Finance has not been adequately represented; this has rendered executive action on such concrete proposals as the Advisory Council and the P.S.O.C. (I) have, from time to time, put forward slow and difficult, if not impossible.

13. What, in our opinion, the function of the P.S.O.C.(I) is, is to prepare in peace a concrete and comprehensive plan for the part that India is to play vis à vis the United Kingdom and the Empire in the matter of war supplies.

The P.S.O.C.(I) has during the past few years devoted considerable time and labour to the collection of a mass of valuable data and in this respect is now in a position to contribute a substantial measure of assistance to the organisation in the United Kingdom, and to the Empire as a whole; and if a closer and more direct liaison could be established with the P.S.O.C.(U.K.), we feel that much greater advantages could be assured. With this object in view, we are of the opinion that development and planning should fall into the following three stages :-

- (a) To arrange for the export from India of the requirements of those essential materials of which she is a primary producer and of which she has a surplus. These exports are vital to the United Kingdom as well as to other Empire Countries, and without them, or without some of them, certain essential war supplies cannot be manufactured.
- (b) To determine what stores can be manufactured in India and in what quantities. It is necessary to exploit the resources of Indian industry to the maximum extent in order to reduce demands on the war industries of the United Kingdom.
- (c) After (b) has been completed, it will be possible to state with exactitude the minimum residue of war supplies for which India must be dependent upon the United Kingdom and other overseas sources.

14. The necessity for these preparations was constantly reiterated at the recent Imperial

Conference. From the records received here, it seems that the question of Imperial Supply Organisation was given priority over every other defence subject. It is obvious that fully detailed information must be interchanged between India, the United Kingdom and the other Empire countries, if the comprehensive plan described above is to be accurately prepared. Up to the present, we have learnt from the United Kingdom that they would require certain approximate quantities of the various commodities, raw and manufactured, with which we can supply them; but the demands have not been authoritative and have not been accompanied by a time schedule. What we want to know is exactly how much of any given commodity is required and the rate at which it should be despatched.

We do not propose to make here any detailed proposals as to how these difficulties are to be overcome. It may be that they are due to defects inherent in the Home organisation; it is, however, clear that our liaison arrangements must be strengthened and expanded to include intimate and direct contacts with all organisations connected with the Committee of Imperial Defence and any analogous organisation that may be set up by His Majesty's Government and the Dominions, for the purpose of undertaking work similar to that entrusted to the Principal Supply Officers' Committee (India). With this object, we strongly recommend that a whole-time, experienced officer, possessing intimate knowledge of Indian conditions and needs, should be appointed to represent us in London. We do not feel competent to suggest the source from which this officer should be obtained, but we are emphatic in our view that his rank and status should be high enough to ensure that due weight and consideration

will be given to his views.

15. The Secretariat of the P.S.O.C.(I) at present consists of a Secretary who is assisted by two technical officers and the necessary clerical staff. We anticipate that it will be necessary to increase the establishment of the Secretariat when the new Sub-Committees have been constituted and when the work connected with investigating the manufacturing possibilities of the different industries is taken up (stage b). We consider that it may be necessary to give the Secretary an assistant, and also to attach to the Secretariat one or more officers possessing experience in factory and workshop practice in this country. We do not feel called upon to make any definite recommendation in this regard as we assume that the Secretary will be free at any time to represent the need for additional staff to the P.S.O.C.(I) and through that Committee to the Defence Department.

16. We can now pass to the organisation which, we consider, will in peace be able to deal effectively and rapidly with the problem of preparation.

Our proposals are illustrated by the following diagram :-

SUPPLY ORGANISATION (PEACE)

HIS EXCELLENCY THE VICEROY &
GOVERNOR GENERAL IN COUNCIL.

DEFENCE COUNCIL (SUPPLY)

| | | |
|----------------------------|---------------------------------------|--------------------------------------|
| Hon'ble Member Finance. | His Excellency The Defence Member. | Hon'ble Member Commerce & Labour. |
|----------------------------|---------------------------------------|--------------------------------------|

PRINCIPAL SUPPLY OFFICERS' COMMITTEE.

| | |
|---|------------|
| Hon'ble. Member Commerce & Labour | President. |
| Chief of the Gen. Staff | Dy. " |
| Quartermaster General | Member. |
| Master General of Ordnance | " |
| Air Officer Commanding | " |
| Chief Commissioner Railways | " |
| Secretary, Defence Dept. | " |
| " Finance Dept. | " |
| " Commerce Dept. | " |
| " Industries Dept. | " |
| Chairman Advisory Council (ex officio). | " |
| Secretary Communications Dept. | " |

CIVIL DEPTS.
OF
CENTRAL GOVT.

Provincial
Governments.

HOME
Liaison
Officers.

DEFENCE
Department.

P. S. O. C.
Secretariat.

THE ADVISORY COUNCIL.

| | |
|--------------------------------------|-----------|
| Dy. Master General of Ordnance | Chairman. |
| Dy. Chief of the General Staff | Dy. " |
| Secretary Defence Dept. | Member. |
| " Industries Dept. | " |
| Director Research Bureau | " |
| Director of Contracts A. H. Q. | " |
| Dy. Engineer in Chief A. H. Q. | " |
| Representative Quartermaster General | " |
| " Royal Air Force | " |
| " Finance Dept. | " |
| " Railway Board | " |
| " Indian Stores Dept. | " |
| " Posts & Telegraphs Dept. | " |

1. Chairmen of Sub-Committee to be co-opted as required.
2. Representatives of Industrial and/or Commercial interests to be co-opted as required.

SUB-COMMITTEES.

g.
ts Co-ordinating
quirements.
nts.
Stores.
l.
ffs.
m Products.
ing Stores.
: Stores.
-t.
and Veterinary.

The organisation is divided into two parts, advisory and executive. The advisory portion is coloured green and the executive red. The channel of advice leading up to the red body is also green; those that emerge from it are red, that is to say, the red body will not be advising the Departments of Government or the Provincial Governments or the other authorities with whom they are corresponding, but will communicate to them either orders or decisions.

Up to the present, we have had no system whereby green could swiftly and smoothly be converted into red.

We have mentioned in paragraph 13 a separate matter, which, in itself, will require some expansion of the existing organisation; we refer to the necessity for the drawing up of a comprehensive plan and, for this purpose, we consider that the addition of three new Sub-Committees subservient to the Advisory Council should be introduced.

The PLANNING Committee will plan in the three stages indicated in paragraph 13. During its deliberations, it will receive from the main body and from the Advisory Council such guidance and assistance as are necessary for the completion of its task. The plan evolved will require the approval of the organisation as a whole.

The CONTRACTS CO-ORDINATING Committee will be necessary to carry to a further stage of preparation the supply plan which the organisation will approve.

The CIVIL REQUIREMENTS Committee. The Planning Committee will not be called upon to engage in the collection of data. These must be supplied by the Sub-Committees already in existence, with the assistance of a new Sub-Committee to consider the requirements of civil industry and the civil population.

17. It will be observed that the diagram is based on the transitional form of government, in which the Governor General in Council is the ultimate authority responsible for defence as for the other functions of Government. When Federation is an accomplished fact, the Department of Defence will be administered by the Governor General in his discretion and not by the Governor General in Council. We cannot, however, see that the general lines of the proposed organisation would necessarily be incompatible with the altered constitutional position consequent upon Federation.

Room might have to be made for a Counsellor on the Defence Council (Supply) and also the Hon'ble Member for Finance would have to be replaced by the Financial Adviser. There is also, of course, no reason why Ministers should not be appointed to serve on it.

18. It is, however, desirable to consider the Constitutional position in some detail. In the first place in the peace time organisation the Defence Council (Supply) will be in effect a sub-committee of the Executive Council and the business it transacts will be the business of the Governor General in Council. Any part of that business which requires to be taken in Council would come before it either on the recommendation of the Defence Council (Supply) or on that of any of the individual members of the Executive Council who are also members of the Defence Council (Supply): other business dealt with by the Defence Council would, after discussion, be transacted in the Departments concerned and by the appropriate civil and military officers.

Similarly the business discussed, both by the F.S.C.C.(I) and by the Advisory Council (whose functions will be to advise the Defence Council (supply) and to guide and assist the executive authorities) will be discharged by the civil Departments of the Government of India and by the supply organisation in Army Headquarters.

The peace time structure after the Federation has been established will not be changed in any of the above respects, but the personnel will, as indicated above, require modification.

The organisation, since it does not subtract from executive functions appropriated to departments under the Rules of Business, will for its peace time activities rest upon an order of the Executive Council.

On the outbreak of war, the most important change would be that the Advisory Council would be converted into a War Supply Board which is the executive body. There need be no constitutional difficulty in making this change provided that the Board remains an organisation subordinate to the Governor General in Council in the transitional period and after Federation to the Governor General in his discretion, since constitutionally the Board would be assisting the Governor General in the discharge of his functions of defence. It would need at that stage to be considered whether the War Supply Board should operate technically as a "reserved department" under the Governor General on the discretionary side, or whether it should function as a separate organisation controlled by the Governor General acting through the Defence Department. We are at present inclined to favour the second alternative. A constitutional difficulty would arise only if the plan were to transfer to the

The Board would perform the functions of the Governor in a complete manner as by the Constitution the powers are transferred to the Federal Railway Board. It does not contemplate the possibility of a complete transfer. For the discharge by the War Supply Board of executive functions, it might be found desirable to give it a statutory basis, but this can be decided only at the stage when a clearer perception is available of the powers the Board would be required to exercise.

In short, the constitutional position is that in peace time the Advisory Committee and the Defence Council (supply) do not subtract from the functions of the Governor General in Council or the Governor General as the case may be; and if in war time when either the War Supply Board or the Defence Council (supply) is given executive functions, the same principle is maintained.

1. The principles which have governed our proposals for the composition of the various bodies of the organisation, both advisory and executive, are :-

- (a) That the power of decision must rest with those authorities responsible for the defence of India.
- (b) That civil Departments of Government should be represented in proportion to their concern in the problem of supply.
- (c) That the Finance Department must be represented throughout the organisation, both in its advisory and its executive parts.
- (d) That representatives of commercial and industrial interests may be co-opted on the various advisory bodies as required.
- (e) That the Advisory Council in peace should, as will be made clear hereafter, contain the germ of the executive body to be formed in war.
- (f) That the Secretariat should be regarded as the servant of the organisation as a whole and not of any particular body in it, both in peace and in war.

Consent upon the impending redistribution of work between the Departments of Commerce, Industries

and Labour, and the creation of the new Department of Communications, we have estimated that the future Department of Commerce and Labour (under which will be incorporated the Indian Stores Department) will control some ninety per cent. of the internal, and the whole of the external, commercial and industrial activity of the country. It is for this reason that we recommend that the Hon'ble Member for Commerce and Labour be invited to sit on the Defence Council (Supply) and to become the President of the Principal Supply Officers' Committee.

It will be observed that throughout the organisation we have suggested "Representatives" of the various Departments concerned with supply.

Our reasons for this loosely worded recommendation are that it ensures flexibility and allows of the taking into consideration of such factors as pressure of work and special knowledge; it does not preclude the head of the Department from personal membership, but it allows him the option of representation.

At the same time, we recommend that "Representative" should be defined as :-

In peace: "A Secretary or Joint Secretary to Government, A Deputy Principal Staff Officer or a Director."

In war: "Of status not less than that of a Director."

20. We now come to the consideration of our war time scheme.

As has been indicated above, we have rejected the idea of a Ministry of Munitions. We have carefully considered the minority Report of our colleague, Major-General R.K. Hazlet, (vide Appendix III) and we are unanimously of opinion that, in spite of the diagrammatic clarity of his proposals, the arguments against the formation of a separate Ministry of

of munitions in this country have lost none of their force.

Briefly, we consider that the organisation must be simple. We have not been guided primarily by the overriding necessity for economy, though we realise that it is desirable; what we have aimed at is the highest degree of efficiency attainable in Indian conditions.

The best is often the enemy of the good, and we feel that an elaborate organisation, though theoretically it appears to have great advantages, would, in Indian conditions, in practice result in inefficiency and confusion. The scheme we have chosen is the best we can devise out of the available material, and the fact that it is economical is a subsidiary and consequential advantage which has naturally followed from the comparative meagreness of our resources. It is illustrated in the diagram at Appendix I.

It will be observed that the heads of the organisation - i.e. the Governor General or the Governor General in Council and the Defence Council (Supply) - remain precisely the same as in the Peace organisation. Instead, however, of having an advisory body, which will carry on the day to day work of the whole organisation of supply and will refer only large questions of policy to the authorities above it. It will also, of course, receive communications, information and orders from the Defence Council (Supply). Its members will be drawn from the Advisory Council, which will cease to exist, and its President will be the person who, in the opinion of the Governor General or the Governor General in Council, is most fitted for the task. This body will be entitled The War Supply

Board, and its members will be the representatives of those Departments which are concerned with supply and have supply organisations of their own, of the Finance Department and of the Contracts Directorate. Each will be able to call upon his own departmental machinery, strengthened here and there as the occasion may demand.

We realise that in war time some measure of control over major products and commodities will probably be necessary. This control cannot, in our opinion, be exercised from the centre, but constitutes one of the many tasks which would devolve upon the Provincial Governments (in co-operation with the commercial and industrial associations concerned), at the instance of the central organisation.

The Secretariat of the P.S.O.C.(I) will automatically become the Secretariat of the War Supply Board. As has been indicated in the plan, it will have to be considerably strengthened; but in the early stages of a war, at any rate, this would be practically the only expense which Government would have to meet in the setting up of this organisation. The approximate cost will be five to five and a half lakhs a year. (An estimate will be found at Appendix II).

There can, in our opinion, be no doubt as to the efficiency of such a system; all its parts have a common head, and the whole of the resources of Government can, at any time, be brought simply and naturally to its assistance. In our opinion, this organisation should prove efficient to cope with the circumstances of any war in which India might be involved. Should the nature and dimensions of the next war turn out to transcend our present imagination, we believe that the proposed form of

organisation, capable as it is of being brought into being immediately, will at least tide us over the initial period and give us breathing space in which to devise a new and more powerful instrument.

In conclusion, we wish to place on record our appreciation of the services of Major R.H. Stevens, who has acted as Secretary throughout our deliberations and whose energy and enthusiasm have materially lightened our labours.

(Signed)

| | | |
|--|---|-----------|
| C. MacI. G. Ogilvie, | } | Chairman. |
| Secretary, Defence Department, Government of India. | | |

| | | |
|--|---|----------|
| T. Guthrie Russell, | } | |
| Chief Commissioner of Railways. | | |
| J. Pitkeathly, | } | Members. |
| Chief Controller, Indian Stores Department. | | |
| A. J. Reisman, | } | |
| Finance Department, Government of India. | | |
| E. Wood, Lieut.-Colonel, | } | |
| Deputy Secretary, Defence Department, Government of India. | | |

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| R. H. Stevens, Major. | Secretary to the Sub-Committee. |
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APPENDIX II.

ESTIMATED COST OF THE WAR SECRETARIAT OF THE
PRINCIPAL SUPPLY OFFICERS' COMMITTEE(INDIA).

| <u>INITIAL.</u> | Rs. | Rs. |
|------------------------------|---------------|-----------------|
| Typewriters. | 3,500 | |
| Furniture. | <u>4,000</u> | 7,500 |
| <u>RECURRING.</u> | | |
| Personnel. | 3,75,000 | |
| Accommodation (18 rooms). | 50,000 | |
| Telephones. | 2,000 | |
| Stationery. | 5,000 | |
| Telegrams and Postage. | 70,000 | |
| Contingencies. | <u>20,000</u> | <u>5,22,000</u> |
| | TOTAL | 5,29,500 |

Of the current annual expenditure of the peace Secretariat (Rs.1,00,000/-) approximately Rs.75,000/- is incorporated in the above war estimate. The increased expenditure on expansion from peace to war is therefore approximately Rs.4½ lakhs.

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APPENDIX III.

Minority Report by Major-General R.K.

Hezlet, C.B., C.B.E., D.S.O.

I was appointed by the Principal Supply Officers' Committee (India) as a member of the Sub-Committee but regret that I am unable to sign the report as although I agree with it generally as regards the Peace Organisation proposed, I do not agree with the War Organisation recommended.

Some very cogent arguments in favour of a Ministry of Supply or Ministry of Munitions are recorded in para.9 of the Report and when these are compared critically with the objections raised later in para.10, I can only express surprise at the conclusion come to by the majority of the Sub-Committee.

The objections are five in number. To objection (1) I would reply that there is no evidence as to, or real reason why, in the long run one organisation should be more or less expensive than the other for the same results. In any case, the expense of the organisation will be a very small proportion of the cost of the material dealt with and finally that even if it were allowed that the expense of one organisation was greater than the other, this should not be the criterion applied to a war organisation.

To the tendentious statements in (2) my answer is that the system objected to had to be resorted to in the last war and worked.

To objection (3) the reply is that improvisation and the incorporation of untrained and inexperienced personnel are inevitable and have to be faced in any

system in war. The work to be done and the resources available are the same whichever way the problem is tackled.

Objection (4) cannot really be considered to present an insuperable obstacle.

With regard to objection (5) an equally high measure of co-operation would appear necessary for the success of any system, while reduplication of personnel should be no more involved in one scheme than the other; the transferred personnel take their work with them. The staff found from the other departments for the new department would be relieving them of work and this in the end, far from disorganising them, should be a substantial help in meeting the stress and strain of the situation. The replies I have made to objections (2) and (3) are also relevant.

Marshalling the pros and cons, I hold that when the peace organisation has become insufficiently powerful to deal with the situation in war, the formation of a Ministry or Department of Supply is the simple, direct and logical solution of the problem as opposed to the complicated and cumbrous organisation which has been devised to avoid the formation of such a Ministry and is recommended in the Report.

In case the system which I recommend is not considered to be sufficiently defined, I append a diagram which is self explanatory.

(Signed) R.K. HEZLET,

Major-General,

Deputy Master General of the Ordnance.

Appendix to Major-General
R.K. Hezlet's Minority Report.

WAR ORGANISATION.

The organisation laid down for Peace continues to function in War until the magnitude and difficulties of the emergency necessitate drastic intensification, acceleration, and simplification of the supply efforts.

The organisation shown in skeleton form below is then set up.

HIS EXCELLENCY THE VICEROY.

DEFENCE COUNCIL (SUPPLY).

| Finance Member. | Defence Member. | Commerce Member. | Supply Member. |
|-----------------|-----------------|------------------|----------------|
|-----------------|-----------------|------------------|----------------|

Priority Committee.

Representatives of Consum-
ing Departments (M.G.O.,
Q.M.G., Railways, etc.)

Note.— The Supply Member is responsible for the supply of such commodities as he takes over. He has all the resources for the supply of these at his disposal.

His department is formed by transferring from the other Departments such portions of their organisations as deal with the supply of the commodities he has taken over.

It also absorbs the present P.S.O.C. (I) secretariat, with all its plans, records, etc., expands further and co-opts industry as required as the situation develops.

All demands for supplies from consuming Departments for commodities which the Department of Supply has taken over go to that Department which arranges for supply and distribution in accordance with the priority assigned.

Department of Supply.

Controllers of Materials and
Production as required.

Contracts Branch.
Financial Adviser.
Home Indents and Priority
(as decided by policy laid
down by the Defence Council)

Any other branches found
necessary as situation
develops.

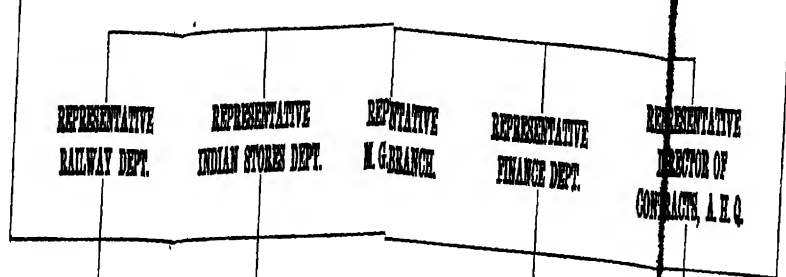
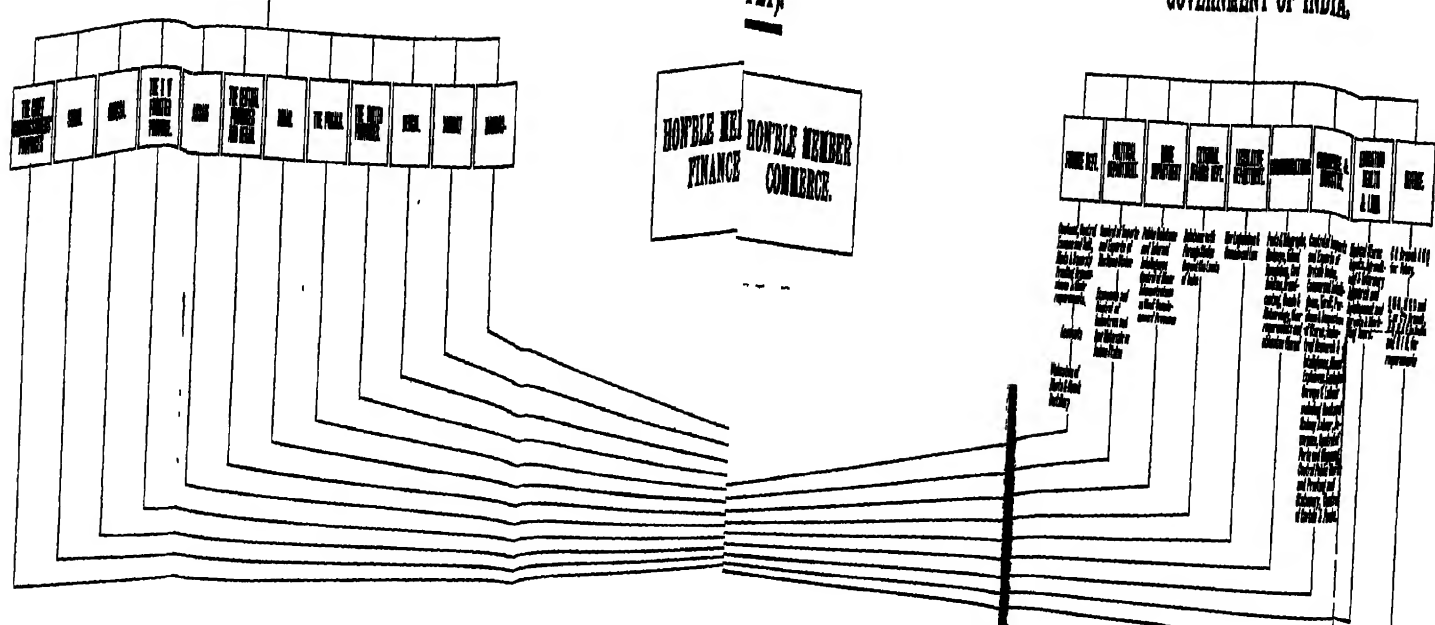
SUPPLIES
→ to consum-
ing Depts.
and Home.

DEMANDS
→ from consuming
Depts. & Home.

GOVERNORS
AND
THE CHIEF COMMISSIONERS' PROVINCES

HIS VICEROY
GOVT COUNCIL
PLD,

CIVIL DEPARTMENTS
OF
GOVERNMENT OF INDIA.



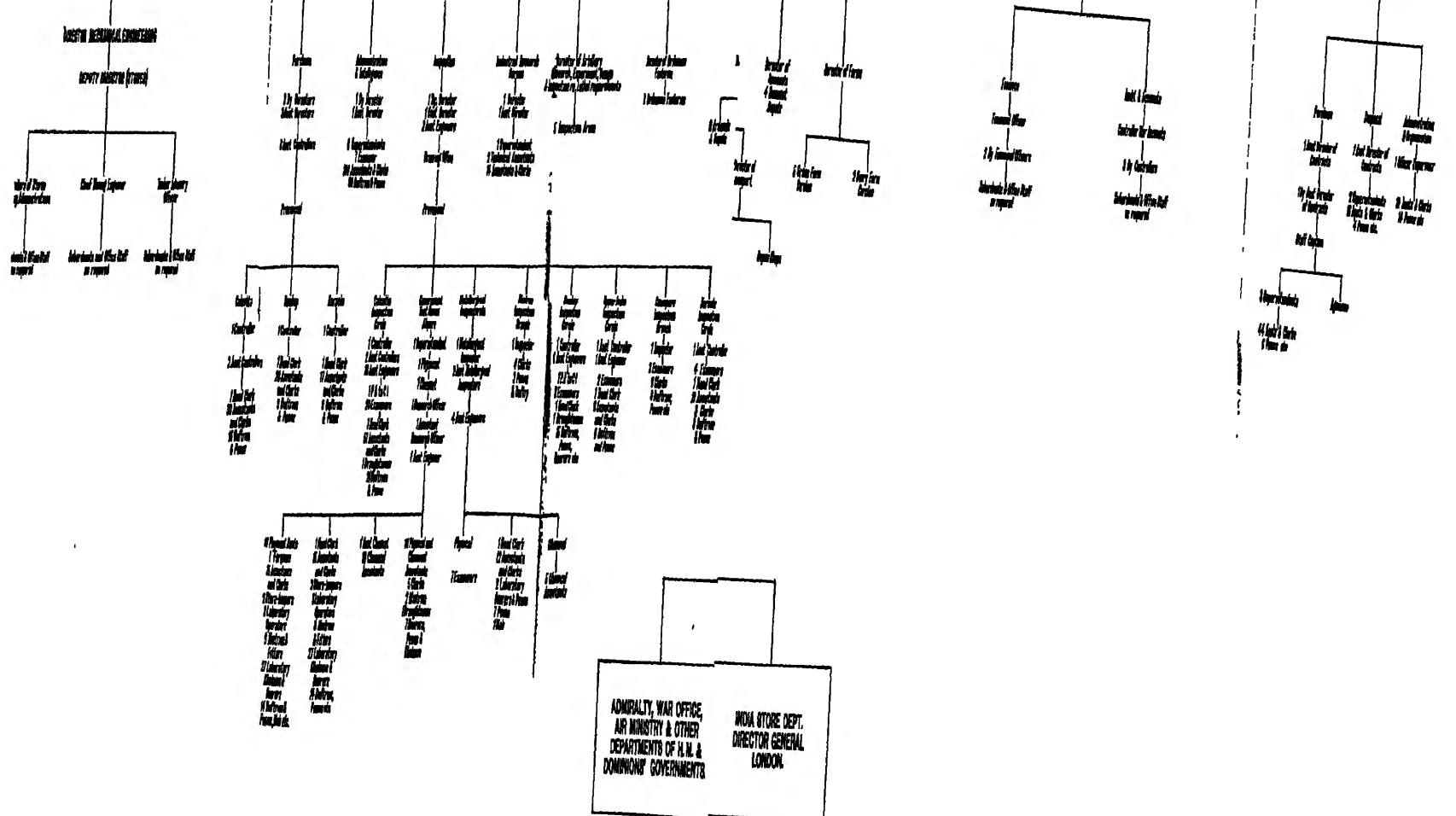
RAILWAY BOARD.

INDIAN STORES DEPARTMENT.

M.G. BRANCH, M.G. BRANCH.

FINANCE DEPARTMENT.

DIRECTOR OF CONTRACTS, A.E.C.



ADMIRALTY, WAR OFFICE,
AIR MINISTRY & OTHER
DEPARTMENTS OF H.M. &
DOMINION GOVERNMENTS

INDIA STORE DEPT.
DIRECTOR GENERAL
LONDON.

